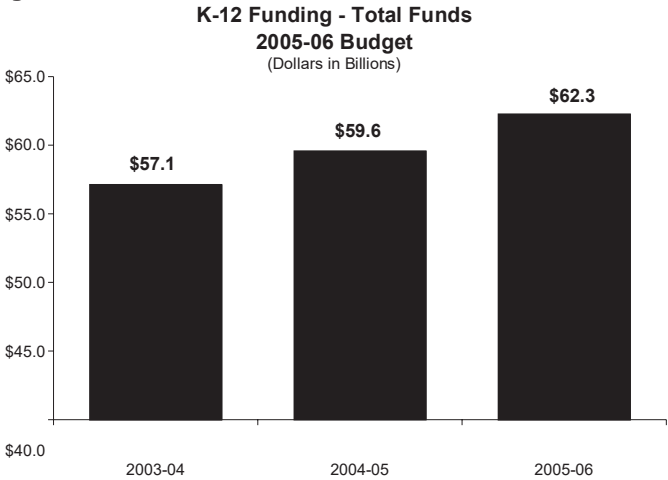


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Figure K12-03



to schools in the bottom three deciles of the Academic Performance Index. The funds will be available to improve the educational environment and culture through activities including: (1) assuring a safe, clean school environment for teaching and learning; (2) providing support services for students, and teachers; (3) activities, including differential pay, focused on the recruitment and retention of teachers who meet the definition of a highly qualified teacher, and of highly skilled principals; (4) small group instruction; and (5) providing time for teachers and principals to collaborate regarding improving academic outcomes for students.

Governor’s Fruits and Vegetables Breakfast

Initiative—The Budget includes \$18.2 million from the Proposition 98 Reversion Account to help ensure that pupils receive additional healthy meal alternatives by increasing the amount of fresh or dried fruits and vegetables served in the school breakfast program.

Supplemental Instruction High School Exit Exam

Program—The Budget provides on a one-time basis, \$47.9 million Special Education Program funding and

\$20 million under the Pupil Retention Block Grant to provide

additional supplemental instruction to pupils who have failed one or both parts of the High School Exit Exam. The \$47.9 million will be made available to fund one-time activities for students with disabilities to assist them in passing the California High School Exit Examination. The \$20 million will be made available to schools for the purpose of providing intensive instruction and services that may include, but are not limited to, individual or small group instruction; hiring additional teachers; purchasing, scoring, and reviewing diagnostic assessments; counseling; designing instruction to meet specific needs of eligible pupils; and appropriate teacher training to meet the needs of eligible pupils.

Chief Business Officer Training—The Budget provides \$1.1 million from the Proposition 98 Reversion Account to support the first year of funding for the Chief Business Officer Training Program. Over the next three years, this program will provide training to over 1,000 school district and county office of education chief business officers in key elements of school fiscal management.

Charter Schools Facilities Grants—The Budget provides a total of \$28.5 million for charter school facility needs, of which \$9 million is from the Proposition 98 Reversion Account for the Charter Schools Facilities Grant Program to reimburse charter schools for facility costs incurred in the 2004-05 year. A new federal Charter Schools Facilities Incentive Grants program administered by the California School Financing Authority will provide an additional \$19.5 million to support both the construction of new facilities and lease payments on existing facilities for the 2004-05 and 2005-06 fiscal years.

Enrollment Growth—The Budget provides \$193.6 million to fund enrollment growth increases for school apportionments (\$53.3 million), Special Education (\$20.3 million), and other categorical programs (\$120 million). This amount

includes \$4.4 million deferred to 2006-07 and reflects the Administration's goal of preserving core K-12 services despite difficult fiscal times.

Cost of Living Adjustments—The Budget includes over \$1.7 billion to provide a 4.23 percent COLA increase to K-12 programs. Included in this amount are funding for school apportionments (\$1.3 billion), Special Education (\$125 million), and other categorical programs (\$295 million). Of this amount, \$15.7 million is deferred to 2006-07. The 4.23 percent calculation substantially exceeds the expected growth of the consumer price index (CPI) in California.

Revenue Limits—Revenue limit funding constitutes the basic funding source for classroom instruction. The Budget provides a net increase of \$1.6 billion to school district and county office of education revenue limits, which includes funding for enrollment growth, a cost-of-living adjustment, and the repayment of \$406 million or over half of the outstanding deficit factor owed as a result of reductions made by the prior Administration.

K-12 Education Mandates—The Budget provides \$60.6 million (\$53.8 million from the Proposition 98 Reversion Account and \$6.8 million in Proposition 98 settle-up funds) to pay prior year K-12 education mandate claims. These one-time funds are intended to pay for claims on the basis of oldest claims first.

Special Education—In addition to the \$20.2 million to fund enrollment growth and \$124.4 million to fund the 4.23 percent COLA (which exceeds the expected growth in CPI), the Budget provides a variety of adjustments for Special Education. The Budget includes an additional \$18.2 million to increase funding for the revised formula for allocating funds to pupils with exceptional needs who reside in licensed children's institutions. The Budget continues to provide \$31 million in General Fund in addition to the

\$69 million in federal funds provided in the 2003-04 and 2004-05 fiscal years for the provision of mental health services for children with exceptional needs. Further, \$58.7 million in federal funds is passed through as an augmentation. In total, the Budget provides over \$2.8 billion in General Fund and \$1.1 billion in federal funds for Special Education.

Accountability— The Budget provides \$348.4 million for programs to assist and promote academic performance including the following:

- \$228.7 million Proposition 98 General Fund to assist low-performing schools through the High Priority Schools Grant Program, which provides grants of \$400 per pupil, including \$168.7 million for the fourth year of funding for existing grantees and up to \$60 million to start a second cohort of schools.
- \$53 million (\$13 million Proposition 98 General Fund) to assist schools subject to sanctions pursuant to state and federal accountability programs, including \$10 million for schools sanctioned under the High Priority Schools Grant Program for the first time this year. These funds also include \$10 million for the Statewide System of School Support, which provides assistance to schools, districts, and county offices of education in need of improvement.
- \$30 million for federal Comprehensive School Reform Program grants at \$200 per pupil for low-performing schools, based upon a prescribed priority order.
- \$7.5 million Proposition 98 General Fund in deferred funding from 2004-05 for the final year of implementation for schools participating in the Immediate Intervention Underperforming Schools Program, which provides grants of \$200 per pupil.
- \$29.2 million in federal Title I School Improvement funds to fund district accountability activities. The federal No

Child Left Behind Act of 2001 requires states to ensure that all schools and districts are making adequate yearly progress benchmarks. If a Title I school or district fails to make adequate yearly progress for two consecutive years, it is identified as Program Improvement and becomes subject to interventions.

Pupil Testing — The Budget provides \$118.9 million, including federal funds, for various statewide exams. These assessments provide valuable information to parents, teachers, schools, and the state regarding pupil performance and are the foundation of California’s state and federal accountability systems. The Budget also provides \$650,000 for the development of an alternative assessment for moderately disabled students who presently do not test at grade level, pursuant to federal guidelines.

Development of the California Longitudinal Pupil Achievement Database—The Budget includes \$844,000 for state operations for the Department of Education for the development of a Request for Proposals in the next phase of the development of the California Longitudinal Pupil Achievement Database to allow for the longitudinal collection of student data.

Williams Litigation — The Budget provides \$183.5 million from the Proposition 98 Reversion Account for school facility emergency repairs, consistent with the *Williams* settlement agreement.

Commission on Teacher Credentialing

The Budget contains \$51 million (\$34.5 million General Fund and \$16.1 million other funds) and 161.5 positions for the Commission on Teacher Credentialing (CTC) in 2005-06. This represents a reduction of \$9.6 million and 4.9 positions from the revised 2004-05 Budget. The funding includes \$7 million in expenditure reductions and \$2.7 million from the General Fund on a one-time basis

